Town of Choice

Westonaria Local Municipality











Mining

Financial Statements for the year ended 30 June 2007



Agriculture



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WESTONARIA LOCAL MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 JUNE 2007

The preparation of these financial statements, which are set out on pages 1 to 25, is the responsibility of the Municipal Manager in terms of Section 126(1) of the Municipal Finance Management Act and the statements are signed on behalf of the municipality

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 20 of these financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, reas with the Remuneration of Public Officers Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

Municipal Manager **Date**

Westonaria Local Municipality
STATEMENT OF FINANCIAL POSITION AT 30 June 2007

	Note	2007 R	2006 R
NET ASSETS AND LIABILITIES			
Net assets		176 946 215	139 974 042
Housing development fund		0	0
Transport fund		0	0
Asset Financing Reserve		984 903	0
Government grant reserve		105 075 652	77 175 723
Public donation reserve		0	0
Capitalisation reserve		0	0
Revaluation reserve		0	0
Accumulated surplus/(deficit)		70 885 660	62 798 319
Non-current liabilities		43 649 831	40 006 233
Long-term liabilities	1	43 649 831	40 006 233
Non-current provisions		0	0
Current liabilities		34 665 589	30 825 188
Consumer deposits	2	2 468 284	2 306 223
Accruals	3	3 529 308	2 869 294
Creditors	4	17 530 088	11 996 854
Unspent conditional grants & receipts	5	2 451 407	3 429 303
VAT	6	4 057 779	2 310 523
Short-term loans		0	0
Bank Overdraft		0	0
Current portion of long-term liabilities	1	4 628 724	7 912 991
Total net Assets and Liabilities		**255 261 635**	**210 805 463**
ASSETS			
Non-current assets		206 768 573	179 430 216
Property, plant and equipment	7	195 528 248	170 118 053
Investment property		0	0
Investments	8	7 194 863	6 784 129
Long-term receivables	9	4 045 462	2 528 034
Current assets		48 493 062	31 375 247
Inventory	10	1 407 654	1 082 080
Consumer debtors	11	20 179 435	16 102 838
Other debtors	12	10 447 889	1 376 152
Current portion of long-term debtors	9	10 442 291	122 216
Short term investments	13	697 738	11 240 344
Bank and Cash	14	5 318 055	1 451 617
Total Assets		**255 261 635**	**210 805 463**
		0	

cal Municipality
NCIAL PERFORMANCE
NDED 30 June 2007

Budget 2006 R	Budget 2007 R		Note	Actual 2006 R	Actual 2007 R
		REVENUE			
15 980 850	16 779 892	Property Rates	15	15 505 242	16 494 796
118 465	0	Property Rates - Penalties & Collection charges		64 081	0
50 600 247	63 719 083	Service Charges	16	55 958 203	63 359 553
0	0	Regional Services Levies - Turnover		0	0
0	0	Regional Services Levies - Remuneration		0	0
191 759	177 375	Rental of facilities & equipment		152 023	488 371
83 849	129 280	Interest earned - external investments		2 659 899	1 732 650
3 003 531	4 187 038	Interest earned - outstanding debtors		2 367 067	4 234 629
4 277	946 137	Fines		504 681	600 380
1 018 936	2 255 461	Licences & permits		2 442 393	3 242 039
0	0	Income for agency service		0	0
35 373 006	72 535 669	Government grants and subsidies	17	67 572 250	79 855 515
510 795	2 149 421	Other income	18	8 447 305	878 625
		Bad debts recovered from provision			10 467 105
0	0	Revenue from insurance claims		0	17 689
106 885 715	162 879 356	**Sub total Revenue**		155 673 144	181 371 352
0	0	Less Revenue foregone		0	0
106 885 715	162 879 356	**Total Revenue**		155 673 144	181 371 352
		EXPENDITURE			
52 119 309	58 174 350	Employee related cost	19	51 696 273	57 791 868
2 946 556	6 239 435	Remuneration of Councillors	20	3 175 924	6 052 647
945 934	0	Bad debts		0	0
0	500 000	Collection cost		914 237	941 856
2 523 349	3 723 349	Depreciation		3 262 785	3 778 440
6 226 368	9 425 331	Repairs & maintenance		5 981 444	9 310 545
6 372 655	6 551 088	Interest paid/Capital Charges	21	6 101 916	6 046 758
31 209 311	37 412 387	Bulk Purchases	22	32 432 969	37 346 203
2 190 478	3 537 933	Contracted services		1 672 694	3 437 933
30 000	31 500	Grants & Subsidies paid	23	0	1 139
13 312 666	11 789 419	General expenses		6 838 413	12 946 125
	849 894	Provision for Bad Debts, leave pay		24 503 078	11 092 631
0	0	Loss on disposal of property, plant and equipment		0	
-11 575 805	0	Internal Charges/Charge outs		0	0
106 300 821	138 234 686	**Total expenditure**		136 579 733	148 746 145
584 894	24 644 670	**SURPLUS/(DEFICIT)**		19 093 411	32 625 207
584 894	**24 644 670**	**SURPLUS/(DEFICIT) FOR THE YEAR**		**19 093 411**	**32 625 207**

Refer to Appendix E(1) for explanation of variances

Westonaria Local Municipality

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2007

	Capitalisation reserve	Transport Fund	Asset Financing Reserve	Government grant reserve	Donations & Public contributions reserve	Revaluation reserve	Accumulated surplus/(deficit)	Total
2006								0
Balance at 1 July 2005	0	0	0	56 824 933	0	0	59 765 976	116 590 909
Correction of error	0	0	0	0	0	0		0
Recognition of water stock in course of 2006 YE audit								
Change in Accounting policy	0	0	0	0	0	0	0	0
Restated Balance	0	0	0	56 824 933	0	0	59 765 976	116 590 909
Surplus/(deficit) for the year	0	0	0	0	0	0	19 093 411	19 093 411
Prior year transactions	0	0	0	0	0	0	2 843 228	2 843 228
Overstatement of provision for doubtful debts 2006							1 446 494	
Reserves utilised in operating	0	0	0	0	0	0	0	0
Transfer to AFR	0	0	0	0	0	0	0	0
Property, Plant & Equipment purchased	0	0	0	0	0	0	0	0
Capital grants used to purchase PPE	0	0	0	21 570 372	0	0	-21 570 372	0
Ofsetting of Depreciation		0	0	-1 219 582	0	0	1 219 582	0
Other transfers	0	0	0	0	0	0	0	0
Balance at 30 June 2006	0	0	0	77 175 723	0	0	62 798 319	139 974 042
								0
2007								0
Prior year transactions	0	0	0	0	0	0		0
Change in Accounting policy	0	0	0	0	0	0	0	0
Restated Balance	0	0	0	77 175 723	0	0	62 798 319	139 974 042
Surplus/(deficit) for the year	0	0	0	0	0	0	32 625 207	32 625 207
Reserves utilised in operating	0	0	0	0	0	0	0	0
Transfer to AFR	0	0	984 903	0	0	0	-984 903	0
Property, Plant & Equipment purchased	0	0	0	29 047 438	0	0	-29 047 438	0
Capital grants used to purchase PPE	0	0	0	0	0	0	0	0
Ofsetting of Depreciation	0	0	0	-1 147 510	0	0	1 147 510	0
Other transfers	0	0	0	0	0	0	4 346 966	4 346 966
Balance at 30 June 2007	0	0	**984 903**	**105 075 652**	0	0	**70 885 660**	**176 946 215**

				Difference (here to b/sheet0			0	
							70 885 660.19	
							0	

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

	Note	2007 R	2006 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and other		155 887 293	149 545 333
Cash paid to suppliers and employees		-107 487 136	-103 785 292
Cash generated from/(utilised in) operations	25	48 400 157	45 760 041
Interest received		1 732 650	2 659 899
Interest paid		-6 046 758	-6 101 916
NET CASH FROM OPERATING ACTIVITIES		44 086 049	42 318 024
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		-29 188 653	-37 679 304
Proceeds on disposal of property, plant and equipment		17 689	
Increase/(Decrease) in non-current receivables		1 517 428	-11 428 063
Increase in non-current investments		410 734	-3 870 864
Increase/(Decrease) in call investment deposit		-10 542 606	9 884 452
NET CASH FROM INVESTING ACTIVITIES		-37 785 407	-43 093 779
CASH FLOWS FROM FINANCING ACTIVITIES			
New loans raised		9 385 300	7 335 931
Loans repaid		-9 025 969	
Increase/- decrease in consumer deposits		162 061	-60 240
NET CASH FROM FINANCING ACTIVITIES		521 392	7 275 691
Cash and cash equivalents at the beginning of the year		**6 388 619**	**-111 317**
Cash and cash equivalents at the end of the year		**13 210 656**	**6 388 619**
NET DECREASE IN CASH AND CASH EQUIVALENTS	26	**6 822 037**	**6 499 936**

WESTONARIA MUNICIPALITY
ACCOUNTING POLICIES FOR THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

1. BASIS OF PRESENTATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention, except for the revaluation of land and buildings, which are carried at fair value.

These annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the Standards of Generally Accepted Municipal Accounting Practices (GAMAP) with the exception of GAMAP 17 as explained in note 8 and AC 105, as explained in note 35, issued by the Accounting Standards Board in accordance with Section 122 (3) of the Municipal Finance Management Act, (Act No.56 of 2003), as prescribed by the Minister of Finance in terms of:-

General Notice 991 of 2005, issued in Government Gazette No. 28095 of 7 December 2005; and General Notice 992 of 2005, issued in Government Gazette No. 28095 of 15 December 2005.

The standards comprise of the following:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GAMAP 4	The Effects of Changes in Foreign Exchange Rates
GAMAP 6	Consolidated Financial Statements and Accounting for Controlled Entities
GAMAP 7	Accounting for Investments in Associates
GAMAP 8	Financial Reporting of Interests in Joint Ventures
GAMAP 9	Revenue
GAMAP 12	Inventories
GAMAP 17	Property, Plant and Equipment
GAMAP 19	Provisions, Contingent Liabilities and Contingent Asset

These annual financial statements have been prepared on the same basis as last year in accordance in the provisions of Notice 522 in the Government Gazette No.30013, dated 29 June 2007 as they pertain to a medium capacity municipality as per paragraph 3(2)(a) of that Gazette. The exemptions, at paragraph 3 (1)(b) and that are available to a medium capacity municipality have not exercised as the annual financial statements have been prepared in accordance with Generally Accepted Municipal Accounting Practices (GAMAP) and Generally Recognised Accounting Practice (GRAP) as stated above. The exemptions that are applicable to a high capacity municipality in terms of this Gazette will also apply to the current financial year and to the financial year ending 30 June 2008. Approval has been obtained from Gauteng Provincial Treasury in terms of the Gazette to exercise these exemptions.

These accounting policies are consistent with those of the previous financial year.

Accounting policies for material transactions, events or conditions not covered by the GRAP and/or GAMAP Standards have been developed in accordance with paragraphs 7, 11 and 12 of

GRAP 3. These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (SA GAAP) including any interpretations of such Statements issued by the Accounting Practices Board.

The Municipality may have transactions, events or balances that are outside the ambit of the accounting standards referred to above but which are included in Standards of International Public Sector Accounting Standards (IPSAS) issued by the International Federation of Accountants – Public Sector Committee, International Accounting Standards (IAS) issued by the International Accounting Standards Board or Generally Accepted Accounting Practice issued by the South African Accounting Practices Board and the South African Institute of Chartered Accountants' Accounting Practices Committee. The Municipality has not complied with the measurement, recognition and disclosure requirements of those accounting standards.

In terms of the exemption for a high capacity municipality, Westonaria is exempted from the following accounting reporting standards in terms of Notice 522 of Government Gazette No. 30013, dated 29 June 2007. The notes to the financial statements contain further information as is required in terms of paragraph 2(3)(e) of the Gazette.

Financial reporting standard	**Detail**	**Extend of exemption from standard**
GRAP 3	Accounting policies, changes in accounting estimates and errors	Identification and impact of Grap standards that have been issued but are not yet effective and changes to accounting policies [Par 59-61 and 30 - 31]
GAMAP 17	Property, plant and equipment	Review of depreciation method applied to PPE recognised in the annual financial statements
		Review of useful life of items of PPE recognised in the annual financial statements.
		Impairment of non-cash-generating assets
		Impairment of cash generating assets
IAS 36 (AC 128)	Impairment of assets	Entire standard
GAMAP 12	Inventories	The entire standard as far as it relates to immovable capital assets inventory that is accounted for in terms of GAMAP 17
		The entire standard to the extend that it relates to water stock that was not purchased by the municipality
IAS 40 (AC 135)	Investment property	The entire standard to the extent that the property is accounted for in terms of GAMAP 17
		Disclosure of the fair value of the investment property if the cost model is applied and where the municipality has recognised the investment property in terms of this standards
IAS 17 (AC 105)	Leases	Recognising operating lease payments / receipts on a straight-line basis if the amounts are recognised on the basis of the cash flows in the lease agreement
IAS 38 (AC 129)	Intangible assets	The entire standard except for recognition, measurement and disclosure of computer software and website costs and all other costs are expensed.
IAS 19 (AC 116)	Employee benefits	Defined benefit accounting as far as it relates to defined benefit plans accounted for as defined

		contribution plans and the defined benefit obligation disclosed by narrative information
GAMAP 9	Revenue	Initial measurement of fair value discounting all future receipts using an imputed rate of interest
IAS 39 (AC 133)	Financial instruments: recognition and measurement	Initially measuring financial assets and financial liabilities at fair value.
IFRS 5 (AC 142)	Non-current assets held for sale and discontinued operations	Classification, measurement and disclosure of non-current assets held for sale.
IFRS 7 (AC 144)	Financial instruments: Disclosure	Entire standard to be replaced by IAS 32(AC 125) issued August 2006 and effective for financial statements covering periods beginning on or after 1 January 1998
IAS 14 (AC 115)	Segmental reporting	Entire standard
IFRS 8 (AC 145)	Operating segments	Entire standard
IAS 11 (AC 109)	Construction contracts	Entire standard
IAS 20 (AC 134)	Accounting for government grants and disclosure of government assistance	Entire standard excluding paragraph 25 and 26, replaced by paragraph 8 of GAMAP 12, paragraph 25 of GAMAP 17 and paragraph 42 – 46 of GAMAP 9

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

Assets, liabilities, revenues and expenses have no been offset except when offsetting is required or permitted by a Standard of GAMAP or GRAP.

2. PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand.

3. GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on a going concern basis.

4. RESERVES

Government Grant Reserve

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus/(deficit) to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus / (deficit). The purpose of this policy is to promote community equity by

ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus / (deficit)

When an item of property, plant and equipment financed from government grants is disposed of, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus / (deficit).

5. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, is stated at cost, less accumulated depreciation, except land and buildings, which are revalued as indicated below. Heritage assets, which are culturally significant resources and which are shown at cost, are not depreciated owing to the uncertainty regarding their estimated useful lives. Similarly, land is not depreciated as it is deemed to have an indefinite life.

Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets was measured at its fair value. If the acquired item could not be measured at its fair value, its cost was measured at the carrying amount of the asset given up.

Subsequent expenditure is capitalised when the recognition and measurement criteria of an asset are met.

Depreciation is calculated on cost, using the straight-line method over the estimated useful lives of the assets. The annual depreciation rates are based on the following estimated asset lives:

	Years		**Years**
Infrastructure		***Other***	
Roads and Paving	30	Buildings	30
Pedestrian Malls	30	Specialist vehicles	10
Electricity	20-30	Other vehicles	5
Water	15-20	Office equipment	3-7
Sewerage	15-20	Furniture and fittings	7-10
		Watercraft	15
		Bins and containers	5
Community		Landfill sites	15
Buildings	30	Other items of plant and	2-5
Recreational Facilities	20-30	equipment	
Security	5	Specialised plant and	10-15
Investment properties	30	equipment	

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.

6. LEASES

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment subject to finance lease agreements are capitalised at their cash cost equivalent and the corresponding liabilities are raised. The cost of the item of property, plant and equipment is depreciated at appropriate rates on the straight-line basis over its estimated useful life. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are expensed as they become due.

7. INVESTMENTS

Financial Instruments

Financial instruments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are stated at cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

8. BORROWING COSTS

Borrowing costs are recognised as an expense in the Statement of Financial Performance.

9. INVENTORIES

Consumable stores, raw materials, work-in-progress and finished goods are valued at the lower of cost and net realisable value.
In general, the basis of determining cost is the first-in, first-out method.

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values.

10. ACCOUNTS RECEIVABLE

Accounts receivable are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Bad debts are written off during the year in which they are identified. Amounts that are receivable within 12 months from the reporting date are classified as current.

11. TRADE CREDITORS

Trade creditors are stated at their nominal value.

12. REVENUE RECOGNITION

12.1 Revenue from Exchange Transactions

Service charges relating to electricity and water are based on consumption. Meters are read on a quarterly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. Revenue from the sale of electricity prepaid meter cards are recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from Council and are levied monthly.

Interest and rentals are recognised on a time proportion basis.

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when the risk is passed to the consumer.

Revenue from the sale of stands is recognised when the transaction is finalised. Transfer of ownership in the property occurs either when, the full amount of the debt is received or security is received to the value of the outstanding debt.

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment is brought into use. Where public contributions have been received but the municipality has not met the condition, a liability is recognised.

12.2 Revenue from non-exchange transactions

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received, together with an estimate of spot fines and summonses that will received based on past experience of amounts collected.

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are brought into use.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment are brought into use.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

13. CONDITIONAL GRANTS AND RECEIPTS

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

14. PROVISIONS

Provisions are recognised when the Municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting sheet date and adjusted to reflect the current best estimate. Non-current provisions are discounted to the present value using a discount rate based on the average cost of borrowing to the Municipality.

15. CASH AND CASH EQUIVALENTS

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks and investments in financial instruments, net of bank overdrafts.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred.

15. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted

for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

16. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

17. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

18. RETIREMENT BENEFITS

The municipality provides retirement benefits for its employees and councillors. The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. The defined contribution funds, which are administered on a provincial basis, are actuarially valued triennially on the projected unit credit method basis.

Deficits identified are recognised as a liability and are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities.

19. COMPARATIVE INFORMATION

19.1 Current year comparatives:

Budgeted amounts have been included in the annual financial statements for the current financial year only.

19.2 Prior year comparatives:

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

	2007 R	2006 R
1 LONG-TERM LIABILITIES		
Local Registered Stock Loans	9 628 000	9 628 000
Annuity Loans	38 565 886	38 141 929
Financial Lease	84 669	149 295
Sub-total	48 278 555	47 919 224
Less : Current portion transferred to current liabilities	-4 628 724	-7 912 991
Local Registered Stock Loans	0	0
Annuity Loans	-4 565 546	-7 849 111
Financial Lease	-63 180	-63 880
Total External Loans	**43 649 831**	**40 006 233**
Refer to Appendix A for more detail on long-term liabilities.		
2 CONSUMER DEPOSITS		
Electricity and Water	**2 468 284**	**2 306 223**
Guarantees in lieu of Electricity and Water Deposits	**120 000**	**120 000**
See note 12		
All consumers are required to a deposit equating to two months consumption of electricity and water services. These deposits are only refunded once the service is terminated. No interest is paid on deposits.		
3 LEAVE PAY ACCRUAL		
Leave pay	3 529 308	2 869 294
Total Provisions	**3 529 308**	**2 869 294**
4 CREDITORS		
Trade creditors	8 255 251	5 298 620
Accruals	286 681	
Payments received in advance	369 171	451 444
Stock in transit	176 813	202 683
Salary creditors	27 019	
Debtors with credit balances	7 435 287	5 769 875
Provision: Eskom Bulk purchase	0	274 232
Sundry Debtors with credit balances	979 866	
	17 530 088	**11 996 854**
5 UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
5.1 Conditional Grants from other spheres of Government	2 451 407	3 429 303
MIG Grants (see note 17.3)	2 451 407	3 429 303
FMG Grant (see note 17.4)	0	
6 VAT		
VAT payable	**4 057 779**	**2 310 523**
VAT is payable on the receipts basis. Only once payment is received from debtors is VAT paid over to SARS.		

WESTONARIA LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

7 PROPERTY, PLANT AND EQUIPMENT
30 June 2007
Refer to Appendix B for more detail on property, plant and equipment, including those in the course of construction.

30-Jun-07 Reconciliation of Carrying Value	Land and Buildings	Infra-structure	Community	Heritage	Other	Total
	R	R	R	R	R	R
Carrying values at 1 July 2006	**28 834 534**	**104 830 866**	**32 270 588**	**0**	**4 182 062**	**170 118 053**
Cost	28 834 534	163 876 263	32 299 778	0	13 610 029	238 620 606
Correction of error (note 27)	0					0
Accumulated depreciation	0	-59 045 397	-29 190	0	-9 427 967	-68 502 553
Acquisitions	185 788	17 456 642	4 726 156	0	6 820 066	29 188 653
Disposals					-414 246	-414 246
Capital under Construction		0			0	0
Depreciation	0	-3 083 918	0	0	-694 538	-3 778 456
Accumulated depreciation on Disposals					414 246	414 246
Carrying value of disposals						
Cost			0		0	
Accumulated depreciation	0	-62 129 314	-29 190	0	-9 708 259	-71 866 763
Impairment losses						0
Other movements						0
Carrying values at 30 June 2007	**29 020 322**	**119 203 590**	**36 996 745**	**0**	**10 307 589**	**195 528 248**
Cost	29 020 322	181 332 905	37 025 934	0	20 015 848	267 395 010
Accumulated depreciation	0	-62 129 314	-29 190	0	-9 708 259	-71 866 763

30 June 2006 Reconciliation of Carrying Value	Land and Buildings	Infra-structure	Community	Heritage	Other	Total
	R	R	R	R	R	R
Carrying values at 1 July 2005	**27 174 131**	**80 115 409**	**25 689 076**		**2 722 919**	**135 701 536**
Cost	27 174 131	136 638 791	25 718 266		11 410 114	200 941 302
Accumulated depreciation	0	-56 523 382	-29 190		-8 687 195	-65 239 766
Acquisitions	1 660 403	24 471 691	6 581 512		2 199 915	34 913 521
Capital under construction		2 765 782				2 765 782
Depreciation	0	-2 522 014			-740 772	-3 262 791
Carrying value of disposals						
Cost/revaluation						0
Accumulated depreciation		-59 045 396	-29 190	0	-9 427 967	-68 502 552
Impairment losses						
Other movements						
Carrying values at 30 June 2006	**28 834 534**	**104 830 868**	**32 270 588**	**0**	**4 182 062**	**170 118 055**
Cost	28 834 534	163 876 264	32 299 778	0	13 610 029	238 620 606
Accumulated depreciation	0	-59 045 396	-29 190	0	-9 427 967	-68 502 553

The Municipality has taken advantage of the transitional provisions set out in GAMAP 17. The Municipality is in the process of identifying and verifiying all infrastructure and community assets with a view to assessing their remaining useul lives and will recalculate the accumulated depreciation once this exercise has been completed.The project plan envisages that this should be completed by 30 June 2008. At present depreciation on these assets is calculated on an averaging basis whereby an average useful life has been estimated for each category of infrastructure and community assets, using global historical costs recorded in the accounting records. Furthermore, the Municipality has not assessed whether items of property, plant and equipment are impaired. This forms part of the above project.

However in the event that the exercise is incomplete at that date, the exemptions applied for in terms of Note 522 in the Government Gazette No. 30013, dated 29 June 2007, as described in the Accounting Policies note on "Basis of Presentation", include certain provisions of GAMAP 17 which allows for a completion date by the end of the financial year on 30 June 2009.

8 INVESTMENTS	**2007 R**	**2006 R**
Financial Instruments		
Fixed Deposits	0	357 562
Short Term Deposits (disclosed in note 13)		
Pledged Investments	7 194 863	12 729 909
	7 194 863	13 087 471
Less : Current portion transferred to Short term investments (note 13)	0	**6 303 342**
	7 194 863	**6 784 129**

The amount of R 7 194 863 (2006 - R6 426 567) has been invested with Nedcor as security for the redemption of registered municipal stock on maturity date.

9 LONG-TERM RECEIVABLES	**2007 R**	**2006 R**
Sale of stands	3 644 573	3 722 833
Car loans	590 785	534 949
Sundry staff loans	9 340	129 622
Bursary loans	81 721	172 489
Mothlakeng Sewer (Randfontein Local Municipality)	10 354 692	10 467 105
Gauteng Department of Health	1 659 024	
Property deposits	-150	-150

	16 339 985	15 026 848
Less : Current portion transferred to current receivables	10 442 291	122 216
Sale of stands	78 260	49 388
Car loans	0	63 488
Sundry staff loans	9 340	9 340
Mothlakeng Sewer (Randfontein Local Municipality)	10 354 692	
Less: Provision for doubtful debts	1 852 232	12 376 598
Mothlakeng Sewer (Randfontein Local Municipality)	0	10 467 105
Sale of stands	1 252 108	1 833 302
Car loans	590 785	
Staff loans	9 340	76 191
Total	**4 045 462**	**2 528 034**

SALE OF STANDS

A provision has been raised against a proportion of the debtors for the sale of stands. Interest has been accrued to these debts and is reflected in interest earned. An adjustment to this interest earned has not been made as this provision encompasses such an adjustment.

CAR LOANS

Senior staff were prior to the implimentation of the Municipal Finance Management Act entitled to car loans which attract interest at 8.5% per annum and which are repayable over a maximum period of 6 years. No new loans are granted since 2003. The loans still reflected relate to 5 former employees which have been handed over to the Municipality's attorneys for collection. The amount includes an amount of R 370526.34 owned by the former Municipal Manager.

SUNDRY STAFF LOANS

Sundry Staff Loans represents an amount owing to the Municipality with regard to a study loan granted to the former Municipal Manager, prior to the implimentation of the Municipal Finance Management Act.

MOTHLAKENG SEWER

Randfontein Municipality have undertaken to settle the total outstanding amount within 12 months. The provision of R10,467,105 held at 30 June 2006 against this debt has consequently been reversed and transferred in full to the provision for doubtful debts for consumer debtors.

10 INVENTORY

Consumable stores – at cost	1 351 966	1 055 480
Spare parts – at realisable value	0	0
Other goods held for resale – at cost	0	0
Water in reservoirs	55 688	26 600
Total Inventory	**1 407 654**	**1 082 080**

Stock in transit are shown as creditors (Note 4 refers)

11 CONSUMER DEBTORS

As at 30 June 2007	**Gross Balances** **R**	**Provision for Bad Debts** **R**	**Net Balance** **R**
Service debtors			
Rates	6 152 052	5 452 396	699 655
Electricity	6 403 304	3 452 418	2 950 886
Water	16 919 268	11 509 758	5 409 510
Sewerage	2 396 014	1 645 616	750 398
Refuse removal	3 548 564	2 760 056	788 508
Rental	479 002	308 065	170 937
Other - Vat, capital, interest, reconnection fees etc	14 247 144	13 437 728	809 416
Handed over Debtors	1 378 722	213 884	1 164 838
Debtors with credit balances	7 435 287	0	7 435 287

Total	**58 959 355**	**38 779 921**	**20 179 435**
As at 30 June 2006			
Service debtors			
Rates	4 935 769	4 887 325	48 444
Electricity	5 415 668	2 661 058	2 754 610
Water	10 615 660	7 557 613	3 058 047
Sewerage	1 858 697	1 302 400	556 297
Refuse removal	2 884 471	2 377 606	506 865
Rental	257 118	138 955	118 163
Other - Vat, capital, interest, reconnection fees etc	11 420 332	8 129 795	3 290 537
Debtors with credit balances	5 769 875		5 769 875
Total	**43 157 590**	**27 054 752**	**16 102 838**
Rates: Ageing			
Current (0 – 30 days)		1 196 416	894 734
31 - 60 Days		377 879	217 026
61 - 90 Days		374 481	249 049
91 - 120 Days		296 471	199 742
121 + Days		3 906 804	3 375 215
Total		**6 152 052**	**4 935 766**
(Electricity, Water and Sewerage and other) Ageing			
Current (0 – 30 days)		9 764 871	6 134 639
31 - 60 Days		1 813 940	1 798 531
61 - 90 Days		1 764 494	1 495 452
91 - 120 Days		1 533 167	1 138 606
121 + Days		30 504 947	22 364 111
Total		**45 381 419**	**32 931 339**
Reconciliation of the bad debt provision for consumer debtors			
Balance at beginning of the year		27 054 752	19 099 095
Contributions to provision		11 742 501	7 955 657
Bad debts written off against provision		-17 332	0
Reversal of provision		0	0
Reversal of provision as overstated - computed as part of 2006 audit			0
Balance at end of year		**38 779 922**	**27 054 752**
Reconciliation of bad debt provisions on long term receivables (Note 9) & other debtors (note 12)			
Balance at beginning of the year			
Contributions to provision			
Long term receivables (note 9)		1 852 232	12 376 598
Other debtors (note 12)		1 116 953	1 040 762
Balance at end of year		**2 969 185**	**13 417 360**
Total provisions held for all debtors		**41 749 107**	**40 472 112**
12 OTHER DEBTORS			
Debit balances in creditors		369 171	451 444
Guarantees in lieu of Electricity and Water Deposits		120 000	
Overtime & bonuses paid in advance of salary processing		686 470	572 532
Sundry Debtors		1 992 742	1 392 937
Staff Debtors Leave taken in advance		43 328	
SARS		8 353 131	
Sub Total		**11 564 842**	**2 416 913**
Provision for Bad Debts - sundry debtors		1 116 953	1 040 762
Reversal of provision			
Total Other Debtors		**10 447 889**	**1 376 151**
13 SHORT TERM INVESTMENTS			
Short term deposits		697 738	4 937 002
Pledged investments - transferred from Investments (note 8)		0	6 303 342
		697 738	**11 240 344**

WESTONARIA LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007	**2006**
	R	**R**
14 BANK, CASH AND OVERDRAFT BALANCES		
The Municipality has the following bank account: -		
Current Account (Primary Bank Account)		
ABSA- Branch Westonaria. Account 590-000-019		
Cash book balance at beginning of year	1 441 611	-1 477 214
Cash book balance at end of year	**5 308 049**	**1 441 611**
Cash on hand at beginning of year	10 006	10 006
Cash on hand at end of year	10 006	10 006
Bank statement balance at beginning of year	5 439 984	1 132 738
Bank statement balance at end of year	**9 483 626**	**5 439 984**
15 PROPERTY RATES		
Actual		
Residential		
Commercial		

State		
Total Assessment Rates	**16 494 796**	**15 505 242**
Valuations		
Land	177 782 329	
Improvements	641 038 446	
Total Property Valuations	**818 820 775**	**818 782 875**

Valuations on land and buildings are planned to be performed every three years. The last valuation came into effect on 1 July 2000. The current valuation roll will remain in force till implementation of the new valuation roll. The new roll will be produced so that it can be introduced at the same time as the new Property Rates Act is due to be activated in 2008. A general rate of R0.1446 (2006: R0.1378) is applied to property valuations to determine assessment rates. Rebates of 40% are granted to pensioners. Rates are levied on an annual basis on property owners. Rates are levied on an annual basis and are payable monthly by the 8th day of the following month. Interest at 15% per annum (2006: 15%) is levied on outstanding rates. Overdue amounts are handed over for collection once the Revenue Collection policy processes have been followed

	2007 R	2006 R
16 SERVICE CHARGES		
Sale of electricity	31 723 275	28 274 531
Sale of water	17 077 627	14 576 886
Refuse removal	4 487 647	4 402 257
Sewerage and sanitation charges	10 269 349	8 392 863
Other service charges	160 793	311 666
Total Service Charges	**63 718 691**	**55 958 203**
17 GOVERNMENT GRANTS AND SUBSIDIES		
Equitable share	44 335 556	37 423 101
Provincial health subsidies	4 609 397	4 812 134
Sundry; Provincial Government	0	115 571
MIG Grant : National Government: Capital expenditure	29 047 438	23 954 967
MIG Grant : National Government: Operational expenditure	1 363 124	
Grant: WRDM	0	1 266 478
FMG Grant	500 000	
Total Government Grant and Subsidies	**79 855 515**	**67 572 251**

17.1 Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive a monthly subsidy of R87 (2006: R87), which is funded from this grant. Residents in certain geographical areas are also regarded as indigent based on the standard of service irrespective of household income.

	2007 R	2006 R
17.2 Provincial Health Subsidies		
Balance unspent at beginning of year	0	0
Current year receipts - included in public health vote	4 609 397	4 812 134
Conditions met - transferred to revenue	4 609 397	4 812 134
Conditions still to be met - transferred to liabilities (see note 6)	**0**	**0**

The Municipality renders health services on behalf of the Provincial Government and is refunded approximately 80% of total expenditure incurred. This grant has been used exclusively to fund clinic services (included in the public health vote in Appendix D). The conditions of the grant have been met. There was no delay or withholding of the subsidy As from 1 April 2007 this services has been fully funded by the Department of Heatlh. The service will be taken over by Gauteng province from 1 July 2007

17.3 MIG Grant		
Balance unspent at beginning of year	3 429 304	0
Current year receipts	24 880 217	23 954 967
Conditions met (Infrastructure)- transferred to revenue	24 700 472	20 525 663
Conditions met (PMU Unit)- transferred to revenue	1 157 642	
Conditions still to be met - transferred to liabilities (see note 5)	**2 451 407**	**3 429 304**

The MIG Grant consists of 2 componements, one for the operational expenditure related to the unit (R1.157.642), and the other componement to fund infrastructure such as roads, sewer, disposal sites ect. as part of the upgrading of previous disadvantage areas. (R23.722.575), totalling R24.880.217. No funds have been withheld. Grants ulilized are reflected in the Income statement. Note 17

17.4 FMG Grant

Balance unspent at beginning of year	0	0
Current year receipts	500 000	500 000
Conditions met - transferred to revenue	500 000	500 000
Conditions still to be met - transferred to liabilities (see note 5)	**0**	**0**

This grant was used to Finance the National Treasury Intern programme and training as part of the Financial Management reform. No funds have been withheld.
This category was not disclosed in 2006. Accordingly the comparatives are disclosed here

17.5 Changes in levels of government grants

Based on the allocations set out in the Division of Revenue Act, (Act No 2 of 2006), no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.

18 OTHER INCOME

Other income		
VAT refund		7 263 495
Bad debts recovered from provision	10 467 105	
Other (Appendix E1)	878 625	1 183 810
Total Other Income	**11 345 730**	**8 447 305**

19 EMPLOYEE RELATED COSTS

Employee related costs - Salaries and Wages	37 680 449	33 454 848
Employee related costs - Contributions for UIF, pensions, medical aids & levies	11 074 996	11 335 261
Travel, motor car, accommodation, subsistence and other allowances	3 842 684	3 242 704
Training levies	729 220	591 249
Housing benefits and allowances	675 275	652 630
Overtime payments	3 725 870	2 407 045
Performance bonus	0	0
Long-service awards	25 180	12 535
Less: Employee costs capitalised to Property, Plant and Equipment	0	0
Less: Employee costs included in other expenses	0	0
Total Employee Related Costs	**57 753 673**	**51 696 272**

The comparatives for 2006 have been restated to accord with the disclosure for this year

There were no advances to employees. Loans to employees are set out in note 10.

	2007 R	**2006 R**
Remuneration of the Acting Municipal Manager: Structured		
Remuneration adjustment- prior year	90 506	
Annual Remuneration	305 612	329 832
Acting Allowance	23 454	
Service Bonuses	39 702	
Telephone Allowance	4 900	
Car Allowance	100 091	108 000
Contributions to UIF, Medical and Pension Funds	86 952	103 748
Performance Bonuses		
Total	**651 217**	**541 580**

The post of Municipal Manager has been vacant since July 2004. The Executive Manager Municpal Support services was acting in this capacity since July 2004. On 17 February 2007 the contract of employment was terminated . In terms of the settlement agreement, the Municipality will make payments in terms of the original employment contract until it expires on 31 January 2008. The CFO of the District Municipality was appointed as Acting Municipal Manager from 18 February 2007 until 31 July 2007 at no cost to Westonaria Municipality.

Remuneration of the Chief Finance Officer		
Remuneration adjustment- prior year	90 506	
Annual Remuneration	303 177	285 851
Acting Allowance	8 340	
Service Bonuses	27 930	39 702
Telephone Allowance	8 400	
Car Allowance	99 889	99 600
Contributions to UIF, Medical and Pension Funds	87 312	90 973
Performance Bonuses		
Total	**625 555**	**516 126**

Remuneration of Individual Executive Directors

	Internal Affairs Services R	ID &P Services R	Municipal Support Services R	Community Services R
30 June 2007				
Remuneration adjustment- prior year	91 835			82 000
Annual Remuneration	345 583			204 439
Acting Allowance				2 612
Service Bonuses	43 160			39 702
Telephone Allowance	8 400			4 900
Car Allowance	87 672			66 609
Medical and pension funds	98 983			57 989
Performance Bonuses	0			
Total	**675 632**	**0**		**458 251**
30 June 2006				
Annual Remuneration	328 193		287 544	292 723
Service Bonuses	41 499		39 702	39 702
Car Allowance	87 179		99 600	99 600
Medical and pension funds	102 543		89 280	84 101
Total	**559 414**	**0**	**516 126**	**516 126**

The post of Executive Manager: ID & P has been vacant since July 2005. The Executive Manager Municipal Support services was also the Acting Municipal Manager until 17 February 2007. From 1 March 2007 a employee from the Sedibeng District Municipality was seconded to Westonaria Municipality to be the Acting Executive Manager Municipal Support Services, at no cost to Westonaria Municipality.
The Executive Manager; Community Services resigned with effect from 28 February 2007. The position is currently vacant.

WESTONARIA LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007 R	2006 R
20 REMUNERATION OF COUNCILLORS		
Executive Mayor	320 976	338 967
Speaker	252 204	281 663
Executive Committee Members (Per individual member, 5 members)	236 246	136 662
Councillors	3 309 214	1 757 587
Councillors' pension contribution	425 353	206 073
Transport Allowance	1 508 654	454 973
Total Councillors' Remuneration	**6 052 647**	**3 175 925**

In-Kind Benefits

Councillors were remunerated for the period 1 July 2006 until 8 February 2007 in terms of Government Gazette No R653 of 30 June 2006. For the period 1 March 2007 until 30 June 2007 remuneration was in terms of Government Gazette No. R1224 of 1 December 2006. The remuneration packages of Councillors are in terms of the forementioned Government Gazettes and are structured to include "In kind benefits". The payment structure was confirmed in the Council's resolution 0003/07(02). The Mayoral Committee members became full time Councillors from 8 March 2006. Each is provided with an office and secretarial support for the cost of the Council.

21 INTEREST PAID		
Long-term liabilities	6 046 758	6 101 915
Consumer deposits	0	0
Bank overdrafts	0	0
Total Interest on External Borrowings	**6 046 758**	**6 101 915**
22 BULK PURCHASES		
Electricity	20 590 590	16 833 610
Water	16 798 255	15 599 358
Total Bulk Purchases	**37 388 845**	**32 432 968**

23 GRANTS AND SUBSIDIES PAID

Mayor Support	1 139	0	
	1 139	**0**	

24 GENERAL EXPENSES

Included in general expenses are the following :-			
None	0	0	

25 CASH GENERATED BY OPERATIONS

			2 006
Surplus/(deficit) for the year	32 625 207	19 093 411	Receipts
Adjustment for:-			155 673 146
Depreciation	3 778 440	3 262 785	
Ofsetting of Depreciation	-1 147 510		
Previous year adjustments: Property, Plant and Equipment	-1 097 187		
Gain on disposal of property, plant and equipment	-17 689	0	
Contribution to Capital Replacement Fund	984 903	0	
Contribution to Government Grant reserve	0	0	
Contribution to provisions - non-current	-10 524 366	13 417 360	
Contribution to provisions – current	11 725 170	7 955 657	
Capital receipts realised	24 590 494	0	
Interest paid	6 046 758	6 101 915	
Investment income	-1 732 650	-2 659 897	-2 659 897
Operating surplus before working capital changes:	65 231 570	47 171 231	153 013 249 ########
(Increase)/Decrease in inventories	-325 574	-412 999	
(Increase)/decrease in debtors	-4 076 597	-3 479 322	-3 479 322
(Increase)/decrease in other debtors	-9 071 737	-1 107 951	-1 107 951
Increase /(decrease)in conditional grants and receipts	-977 896	1 289 053	
(Increase)/decrease in short term portion of long term debtors	-10 320 075	-169 693	
Increase (decrease) in leave provision	660 014	1 724 793	
Increase (decrease) in creditors	5 533 234	1 266 998	
Increase/(decrease) in VAT	1 747 256	-522 068	
Cash generated by/(utilised in) operations	**48 400 195**	**45 760 042**	**148 425 976** ########

WESTONARIA LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007 R	**2006 R**
26 CASH AND CASH EQUIVALENTS		
Cash and cash equivalents included in the cash flow statement comprise the following statement of amounts indicating financial position :		
Bank balances and cash	5 318 055	1 451 617
Bank overdrafts	0	0
Investments	7 892 601	4 937 002
Total cash and cash equivalents	**13 210 656**	**6 388 619**

27 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION

Long-term liabilities (see Note 1)	48 278 555	47 919 224
Used to finance property, plant and equipment – at cost	48 278 555	47 919 224
Sub- total		
Cash set aside for the repayment of long-term liabilities	0	0
Cash invested for repayment of long-term liabilities (see note 8)	**7 194 863**	**12 729 909**

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act. Sufficient cash has been set aside to ensure that long-term liabilities can be repaid on redemption date.

28 UNAUTHORISED,FRUITLESS AND WASTEFUL EXPENDITURE

Interest Paid on late payment of ESCOM and Randwater account	8 130	0
Expenditure of excess amount	7 443	0
	15 573	0

Recovery will be in terms of the provisions of the MFMA

28 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

28.1 Contributions to organized local government

Opening balance	0	0
Salga Membersship fees	185 529	219 626
Salga- SA Local Government Bargaining Council	29 885	26 330
Amount paid - current year	215 414	245 956
Amount paid - previous years	0	0
Balance unpaid (included in creditors)	**0**	**0**

The 2006 comparatives have been restated to reflect the correct amount paid to Salga.

28.2 Audit fees

Opening balance	327 894	
Prior year audit fee	20 105	
Current year audit fee	573 613	327 894
Amount paid - current year	-573 613	0
Amount paid - previous years	-347 999	0
Balance unpaid (included in creditors)	**0**	**327 894**

The balance unpaid represents the accrual for the audit for the current financial year.

28.3 VAT

VAT inputs receivables and VAT outputs receivables are shown in note 6. All VAT returns have been submitted by the due date throughout the year.

28.4 PAYE and UIF

Opening balance	0	0
Current year payroll deductions	7 029 869	5 500 874
Amount paid - current year	7 029 869	5 500 874
Amount paid - previous years	0	0
Balance unpaid (included in creditors)	**0**	**0**

The comparatives for 2006 have been restated to accord with the disclosure for this year

28.5 Pension and Medical Aid Deductions

Opening balance	0	0
Current year payroll deductions and Council Contributions	15 566 535	14 886 779
Amount paid - current year	15 569 753	14 886 779
Amount paid - previous years	0	0
Balance unpaid (included in creditors)	**0**	**0**
Balance in advance (included in debtors)	**3 218**	**0**

The comparatives for 2006 have been restated to accord with the disclosure for this year

28.6 Councillor's arrear consumer accounts

The following Councillors had arrear accounts outstanding for more

	Total	Outstanding less than 90 days	Outstanding more than 90 days
	R	R	R
30 June 2007			
Councillor A Gela	2 404	1 218	1 185
Councillor SN Mndayi	2 041	2 041	0
Councillor MD Mgina	0	0	0
Total Councillor Arrear Consumer Accounts	**4 445**	**3 260**	**1 185**
30 June 2006			
Councillor A Gela	2325	159	2 166
Councillor SN Mndayi	2680	-	2 680
Councillor MD Mgina	1673	103	1 570
Total Councillor Arrear Consumer Accounts	**6678**	**262**	**6416**

29 CAPITAL COMMITMENTS

Commitments in respect of capital expenditure:		
- Approved and contracted for	**9 387 839**	3 507 985
Infrastructure	9 387 839	3 507 985
Community		
Heritage		
Other		
- Approved but not yet contracted for	**0**	0
Infrastructure		0
Community		
Heritage		
Other		
Total	**9 387 839**	**3 507 985**
This expenditure will be financed from:		
- External Loans		
- Government Grants	9 387 839	3 507 985
- Own resources		
- District Council Grants		
	9 387 839	**3 507 985**

30 CONTINGENT LIABILITIES

Included in contigent liabilities are the following :-		
Claim for damage to a house rising from a fallen tree	75 096	75 096
Labour dispute	0	46 236

	75 096	**121 332**

31 IN-KIND DONATIONS AND ASSISTANCE

The muncipality received no in-kind donations and assistance	0	0

32 RETIREMENT BENEFIT INFORMATION

There are six (6) retirement funds into which Councillors and employees contribute. There is one closed defined benefit retirement fund to which ten employees contribute, and a separate defined benefit fund to which Councillors contribute. The former fund is within the ambit of the Joint Municipal Pension Fund (JMPF) structure and the latter is within the ambit of the Municipal Employees Pension Fund structure. The other four (4) funds are defined contribution funds. An actuarial valutaion was performed on the closed fund as at 31 December 2006. Its liabilities as at that date are R 1 818 624 000 which are financed by assets with a market value of R2 116 732 000. Information requested on the latest valuation of the Pension Fund for Councillors was outstanding at the date of this report.B928B951B935 An amount of R6,7 million (2006: R6.2 million) was contributed by the Municipality in respect of Councillor and employees retirement funding. These contributions have been expensed.

	2007	**2006**
	R	**R**

33 COMPARISON WITH THE BUDGET

The comparison of the Municipality's actual financial performance with that budgeted is set out in Annexures E(1) and E(2).

34 POST BALANCE SHEET EVENTS

The Mothlakeng Sewer (Randfontein Local Municipality) debt of R10, 354,692, as per note 9, has been reduced by R1, 671.480 to R8, 693,211 being a 60% discount on the interest charged to December 2004.

35 LEASES

Operating leases

Operating lease payments in the financial statements have been recognised on the basis of the cash flows in terms of the lease agreements. The provisions of Accounting Standard AC 105 (Leases) have not been followed whereby operating lease payments are to be recognised on a straight line basis. The exemptions approved in terms of Notice 522 in the Government Gazette No. 30013, dated 29 June 2007, as described in the Accounting Policies note on "Basis of Presentation", include the exemptions from meeting the requirements of AC 105 on the recognition of operating lease payments on a straight line basis. It is envisaged that the operating lease expenses will be recognised in accordance with this standard in the financial year ended 30 June 2009 in line with the withdrawal of the above exemption.

It is estimated that had the straight line basis been applied in the current financial year the impact would have been a reduction of some R142, 000 in the recorded operating lease expense.

Financial leases	**2007**	**2006**
Finance lease obligation	**R**	**R**
Minimum lease payments due		
within one year	66 840	72 585
second to fifth year inclusive	39 336	91 145
Sub Total	**106 176**	**163 730**
less: future finance charges	6 780	20 684
Present value of minimum lease payments	**99 396**	**143 046**
Non-current liabilities		
Current liabilities	66 840	
	39 336	

It is company policy to lease certain equipment under finance leases.

The effective interest rate is 11,5% and is repayable in 60 equal installments of R6,076.38 of which the first was paid in October 2003. The last installment is Payable end September 2008.

Operating lease obligation		
Minimum lease payments due		
within one year	1 409 204	1 368 643
second to fifth year inclusive	2 794 866	4 209 070
Minimum lease payments	**4 204 070**	**5 577 713**

It is the Municipality's policy to lease certain equipment and vehicles under operating leases.

The operational lease for equipment is repayable in 60 equal installments of which the first was paid in October 2003. The last installment is Payable end September 2008. The operational lease of the vehicles is repayable in 60 equal installments of which the first was paid in January 2006. The last installment is payable December 2010.

36 PARTICULARS OF NON-COMPLIANCE WITH THE MFMA

The corresponding amount related to the Asset Replacement Fund (ARF) was not transferred to a designated AFR bank account

The Supply chain management unit was not established as at year end.

APPENDIX A

WESTONARIA LOCAL MUNICIPALITY: SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2007

EXTERNAL LOANS		Loan Number	Redeemable	Balance at 2006/06/30	Received during the period	Redeemed written off during the period	Balance at 2007/06/30	Carrying Value of Property, Plant & Equip	Other Costs in accordance with the MFMA
LONG-TERM LOANS				**R**	**R**	**R**	**R**	**R**	**R**
LOCAL REGISTERED STOCK									
Stock Loan @ 15.50%	(33)	West-01-0002	2011/06/30	2 628 000	0	0	2 628 000	2 628 000	-
Stock Loan @ 17.50%	(32)	West-01-0001	2009/06/30	7 000 000	0	0	7 000 000	7 000 000	0
Total Local registered stock				**9 628 000**	**0**	**0**	**9 628 000**	**9 628 000**	**0**
ANNUITY LOANS									
ABSA @ Prime		3006795218	2006/06/30	5 294 291	0	5 294 291	0	**0**	
INCA @ 12.08%		West-01-0003	2013/06/30	8 132 675	0	787 656	7 345 019	7 345 019	
INCA @ 13.34%		West-01-0004	2014/06/30	10 625 441	0	810 046	9 815 395	9 815 395	
INCA @ 10.61%		West-01-0005	2015/12/31	2 910 835	0	189 979	2 720 856	2 720 856	
INCA @ 11.03%		West-01-0006	2010/11/30	5 447 610	0	1 013 328	4 434 282	4 434 282	
INCA @ 11.11%		West-01-0007	2017/06/30	0	2 970 000	0	2 970 000	2 970 000	
INCA @ 11.17%		West-01-0008	2012/06/30	0	6 415 300	0	6 415 300	6 415 300	
DBSA @ 12.00%		10506/102	2017/06/30	5 731 077	0	866 043	4 865 034	4 865 034	
				38 141 929	**9 385 300**	**8 961 343**	**38 565 886**	**38 565 886**	**0**
FINANCE LEASE									
ABSA @ prime less 2%		62723683	2009/06/30	149 295	0	64 626	84 669	84 669	-
Total Finance Lease				**149 295**	**0**	**64 626**	**84 669**	**84 669**	**0**
TOTAL EXTERNAL LOANS				**47 919 224**	**9 385 300**	**9 025 969**	**48 278 555**	**48 278 555**	**0**

Westonaria Local Municipality

APPENDIX B

ANALYSIS OF PROPERTY, PLANT & EQUIPMENT AS AT 30 June 2007

	Cost/Revaluation					Accumulated Depreciation				Carrying Value	Budget additions 2007
	Opening Balance	Additions	Revaluation	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance		
Land and Buildings											
Land and Buildings	28 834 534	185 788	0	0	29 020 322	0	0	0	0	29 020 322	200 000
	28 834 534	185 788	0	0	29 020 322	0	0	0	0	29 020 322	200 000
Infrastructure											
Drains	3 311 875	0			3 311 875	-5	0		-5	3 311 870	0
Roads	50 307 447	9 548 879			59 856 326	-6 025	-22 925		-28 950	59 827 377	11 610 174
Sewerage mains & Purification	64 160 862	2 086 234	0	0	66 247 096	-26 465 801	-2 325 577	0	-28 791 378	37 455 718	2 245 000
Electricity mains	28 653 477	1 302 102			29 955 579	-26 302 049	-84 562		-26 386 611	3 568 967	1 400 000
Electricity Peak control equipment	537 656	0			537 656	-112 938	-22 292		-135 230	402 426	0
Water mains & Purification	11 546 447	4 542 429	0	0	16 088 876	-5 809 650	-386 879	0	-6 196 529	9 892 347	5 000 000
Reservoirs water	0	0				0	0		0	0	0
Water meters	885 946	0			885 946	-78 117	-587		-78 704	807 242	0
Pedestrian facilities	3 791 729	-56 025	0	0	3 735 704	-17 697	-8 325	0	-26 022	3 709 683	0
Airports	0	0				0	0		0	0	0
Security Measures	680 824	33 022	0	0	713 846	-253 115	-232 771	0	-485 886	227 960	100 000
	163 876 263	17 456 642	0	0	181 332 905	-59 045 397	-3 083 918	0	-62 129 314	119 203 590	20 355 174
Community assets											
Parks & Gardens	1 408 602	3 170 182			4 578 784	0			0	4 578 784	3 200 000
Libraries	1 951 636	0			1 951 636	0			0	1 951 636	0
Recreation Grounds	2 219 630	617 110	0	0	2 836 740	0	0	0	0	2 836 740	1 036 560
Civic Buildings	6 402 245	85 164	0	0	6 487 409	-13 078	0	0	-13 078	6 474 331	100 000
Clinics	17 153 002	-138 406			17 014 596	-16 111	0		-16 111	16 998 485	200 000
Cemeteries	1 337 755	483 679	0	0	1 821 434	0	0	0	0	1 821 434	800 000
Other	1 826 909	508 426	0	0	2 335 335	0	0	0	0	2 335 335	600 000
Old age Homes	0	0								0	0
	32 299 779	4 726 156	0	0	37 025 935	-29 190	0	0	-29 190	36 996 746	5 936 560
Heritage Assets											
Historical buildings	0	0			0	0	0		0	0	0
Paintings & Art Galleries	0	0			0	0	0		0	0	0
	0	0	0	0	0	0	0	0	0	0	0
Housing Rental Stock											
Housing Schemes	0				0	0			0	0	0
	0	0	0	0	0	0	0	0	0	0	0
Other Assets											
Landfill sites	1 327 903	5 919 885			7 247 788	0	0		0	7 247 788	6 013 566
Office Equipment	2 497 631	374 000	0	-1 577	2 870 053	-1 541 239	-304 737	1 577	-1 844 399	1 025 654	600 000
Furniture & Fittings	1 179 889	93 936	0	-411 463	862 362	-945 026	0	411 463	-533 563	328 799	350 000
Bins & Containers	797 837	59 854			857 691	-14 620	-68 152		-82 772	774 919	100 000
Emergency equipment	0	0	0	0	0	0	0	0	0	0	0
Motor Vehicles	3 090 756	0	0	0	3 090 756	-2 947 524	-47 644	0	-2 995 168	95 588	800 000
Fire engines	0	0	0	0	0	0	0	0	0	0	0
Other transport	0	0	0	0	0	0	0	0	0	0	0
Computer equipment	0	0	0	0	0	0	0	0	0	0	0
Plant & Equipment	3 724 840	372 392	0	-1 206	4 096 026	-3 018 708	-209 608	1 206	-3 227 110	868 915	500 000
	12 618 856	6 820 066	0	-414 246	19 024 675	-8 467 117	-630 142	414 246	-8 683 012	10 341 663	8 363 566
Inventory Items											
Small assets	991 173	0		0	991 173	-960 850	-64 397	0	-1 025 247	-34 074	
	991 173	0	0	0	991 173	-960 850	-64 397	0	-1 025 247	-34 074	50 000
	238 620 605	29 188 653	0	-414 246	267 395 011	-68 502 553	-3 778 456	414 246	-71 866 763	195 528 248	34 905 300

Westonaria Local Municipality

APPENDIX C

SEGMENTAL ANALYSIS OF PROPERTY, PLANT & EQUIPMENT AS AT 30 JUNE 2007

	Cost/Revaluation					Accumulated Depreciation				Carrying Value	Budget additions 2007
	Opening Balance	Additions	Revaluation	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance		
Executive & Council	3 773 515	453 996	0	0	4 227 511	-674 936	-333 729	0	-1 008 665	3 218 846	500 000
Finance & Admin	36 570 754	225 131	0	-1 577	36 794 308	-1 009 529	-304 737	1 577	-1 312 689	35 481 619	250 000
Planning & Development	67 085 428	10 250 606	0	0	77 336 034	-4 766 426	-22 925	0	-4 789 351	72 546 684	11 610 174
Health	1 401 233	0	0	0	1 401 233	-353 046	0	0	-353 046	1 048 187	0
Community & Social	9 747 551	4 181 131	0	0	13 928 682	-459 498	0	0	-459 498	13 469 184	5 936 560
Housing	649 318	0	0	0	649 318	-5 918	0	0	-5 918	643 400	0
Public Safety	1 386 080	0	0	0	1 386 080	-701 499	-232 771	0	-934 270	451 810	0
Sport & Recreation	3 619 973	6 480	0	0	3 626 453	-657 667	0	0	-657 667	2 968 786	10 000
Environmental Services	0	0	0	0	0	0	0	0	0	0	0
Waste Management	49 944 285	8 081 921	0	0	58 026 206	-6 552 222	-2 325 577	0	-8 877 799	49 148 406	9 998 566
Road transport	0	0	0	0	0	0	0	0	0	0	0
Water	34 078 819	4 396 207	0	0	38 475 026	-26 233 874	-387 466	0	-26 621 340	11 853 686	5 000 000
Electricity	29 793 281	1 593 180	0	0	31 386 461	-26 869 135	-106 855	0	-26 975 990	4 410 472	1 600 000
Other	570 369	0	0	-412 669	157 700	-218 801	-64 397	412 669	129 471	287 171	0
TOTAL	238 620 606	29 188 653	0	-414 246	267 395 012	-68 502 551	-3 778 456	414 246	-71 866 761	195 528 251	34 905 300

Westonaria Local Municipality

APPENDIX D

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2007

2006 Actual Income R	2006 Actual Expenditure R	2006 Surplus/ (Deficit) R		2007 Actual Income R	2007 Actual Expenditure R	2007 Surplus/ (Deficit) R
33 441 163	12 299 565	21 141 598	Executive & Council	32 324 529	15 053 560	17 270 970
51 532 771	29 628 566	21 904 205	Finance & Admin	53 947 630	11 958 816	41 988 814
-100 840	9 803 314	-9 904 154	Planning & Development	1 315 244	10 786 142	-9 470 898
4 812 134	5 488 221	-676 087	Health	4 907 441	6 715 253	-1 807 812
213 915	5 039 178	-4 825 263	Community & Social	203 927	4 897 685	-4 693 758
45	1 078 645	-1 078 600	Housing	1	1 286 905	-1 286 905
0	0	0	Public Safety	0	0	0
0	0	0	Sport & Recreation	0	0	0
0	0	0	Environmental Services	0	0	0
13 942 552	19 016 234	-5 073 682	Waste Management	17 366 868	24 997 095	-7 630 227
2 945 938	5 791 663	-2 845 725	Road transport	3 841 831	6 306 322	-2 464 491
20 276 073	19 555 580	720 493	Water	23 028 667	21 577 031	1 451 636
28 508 824	26 538 566	1 970 258	Electricity	33 468 110	31 703 287	1 764 823
100 571	2 340 203	-2 239 632	Other	10 967 105	13 464 048	-2 496 943
155 673 146	136 579 735	19 093 411	**Sub Total**	181 371 353	148 746 144	32 625 209
0	0	0	Less Inter-Departmental Charges	0	0	0
155 673 146	136 579 735	19 093 411	**Total**	181 371 353	148 746 144	32 625 209

Westonaria Local Municipality

APPENDIX E(1)

ACTUAL VERSUS BUDGET (REVENUE & EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2007

	Actual 2007 R	Budget 2007 R	Variance 2007 R	Variance 2007 %	Explanation of significant Variances (Greater than R500 000)
REVENUE					
Property rates	16 494 796	16 779 892	-285 096	-2	
Property rates-penalties & charges	0	0	0		
Service Charges	63 359 553	63 719 083	-359 530	-1	Additional income from :Mothlakeng sewer as a result of more sewer disposals, as well as increases in Electricity - & Water sales.
Rental : Property & Equipment	488 371	177 375	310 996	175	
Interest earned - external investment	1 732 650	129 280	1 603 370	1 240	Interest on Pledged investments not Budgeted for.
Interest earned - outstanding debtors	4 234 629	4 187 038	47 591	1	
Fines	600 380	946 137	-345 757	-37	-
Licenses & Permits	3 242 039	2 255 461	986 578	44	Additional Licence income as a result of more registration of vehicles
Agency services	0	0	0		
Government grants & Subsidies	79 855 515	72 535 669	7 319 846	10	Conditional Capital grants expense, reflected as income in terms of GRAP.
Other income	878 625	2 149 421	-1 270 796	-59	Decline in other Income.
Bad debts recovered from provision	10 467 105				
Revenue from Insurance claims	17 689	0	17 689	100	
Total revenue	181 371 352	162 879 356	8 024 891		
Less Income forgone	0	0	0	0	
	181 371 352	162 879 356	8 024 891		
EXPENDITURE					
Employee related costs	57 791 868	58 174 350	-382 482	-1	-
Remuneration Councillors	6 052 647	6 239 435	-186 788	-3	-
Bad debts written-off	0	0	0		
Collection costs	941 856	500 000	441 856	100	
Depreciation	3 778 440	3 723 349	55 091	1	
Repairs & Maintenance	9 310 545	9 425 331	-114 786	-1	
Interest on external borrowings	6 046 758	6 551 088	-504 330	-8	Savings as a result of a External loan which was only taken up in June 2007 instead of in the beginning of the financial year.
Bulk purchases	37 346 203	37 412 387	-66 184	0	-
Contracted services	3 437 933	3 537 933	-100 000	-3	
Grants & Subsidies paid	1 139	31 500	-30 361	-96	
General expenses- other	12 946 125	11 789 419	1 156 706	10	
Provision for Bad Debts, leave pay	11 092 631	849 894	10 242 737	100	
Less; Departmental charges	0	0			
Loss on disposal of PPP	0	0	0		
Total expenditure	148 746 145	138 234 686	10 511 459		
NET SURPLUS/(DEFICIT)	32 625 207	24 644 670	-2 486 568		

Westonaria Local Municipality

APPENDIX E(2)

ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY,PLANT & EQUIPMENT) FOR THE YEAR ENDED 30 June 2007

	Actual 2007 R	Budget 2007 R	Variance 2007 R	Variance 2007 %	Explanation of significant Variances (Greater than R500 000)
Land and Buildings					
Land and Buildings	185 788	200 000	14 212	7%	-
Infrastructure					
Drains	0	0	0		
Roads	9 548 879	11 610 174	2 061 295	18%	Projects in progress but not completed at year end.
Sewerage mains & Purification	2 086 234	2 245 000	158 766	7%	-
Electricity mains	1 302 102	1 400 000	97 898	7%	-
Electricity Peak control equipment	0		0		
Water mains & Purification	4 542 429	5 000 000	457 571	9%	-
Reservoirs water	0	0	0		
Water meters	0	0	0	#DIV/0!	
Pedestrian facilities	-56 025	0	56 025	#DIV/0!	-
Airports	0	0	0		
Security Measures	33 022	100 000	66 978	67%	-
Community assets					
Parks & Gardens	3 170 182	3 200 000	29 818	1%	-
Libraries	0	0	0		
Recreation Grounds	617 110	1 036 560	419 450	40%	-
Civic Buildings	85 164	100 000	14 836	15%	-
Clinics	-138 406	200 000	338 406	169%	-
Cemeteries	483 679	800 000	316 321	40%	-
Other	508 426	600 000	91 574	15%	-
Old age Homes	0	0	0		
Heritage Assets					
Historical buildings	0	0	0		
Paintings & Art Galleries	0	0	0		
Housing Rental Stock					
Housing Schemes	0	0	0		
Other Assets					
Landfill sites	5 919 885	6 013 566	93 681	2%	-
Office Equipment	374 000	600 000	226 000	38%	-
Furniture & Fittings	93 936	350 000	256 064	73%	-
Bins & Containers	59 854	100 000	40 146	40%	-
Emergency equipment	0	0	0		
Motor Vehicles	0	800 000	800 000	100%	Purchases put hold pending an assessment of total fleet
Fire engines	0	0	0		
Other transport	0	0	0		
Computer equipment	0	0	0		
Plant & Equipment	372 392	500 000	127 608	26%	-
Inventory Items					
Small assets	0	50 000	50 000	100%	-
	29 188 653	34 905 300	5 716 647	16%	